

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
FRANCHISE GROUP, INC., <i>et al.</i> , ¹)	Case No. 24-12480 (LSS)
)	
)	(Jointly Administered)
)	
Debtors.)	<u>Objection Deadline:</u>
)	April 4, 2025 at 4:00 p.m. (ET)

**SUMMARY OF FIRST
COMBINED MONTHLY FEE STATEMENT OF
DELOITTE & TOUCHE LLP FOR COMPENSATION FOR
SERVICES RENDERED AS INDEPENDENT AUDITOR TO THE
DEBTORS AND REIMBURSEMENT OF EXPENSES INCURRED FOR
THE PERIOD FROM NOVEMBER 3, 2024 THROUGH DECEMBER 31, 2024**

Name of Applicant:	Deloitte & Touche LLP
Authorized to Provide Professional Services to:	Debtors and Debtors in Possession
Date of Retention:	November 3, 2024 (order entered January 7, 2025)

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

Period for which compensation and reimbursement is sought: November 3, 2024 through December 31, 2024

Amount of Compensation sought as actual, reasonable and necessary: \$452,318.50

80% of Compensation sought as actual, reasonable and necessary: \$361,854.80

Amount of Expense Reimbursement sought as actual, reasonable, and necessary: \$1,881.88

This is a(n) X monthly ____ interim ____ final application.

This application includes 0.0 hours and \$0.00 in fees incurred in connection with the preparation of fee applications.

PRIOR FEE APPLICATIONS FILED

Date Filed / Docket #	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
N/A		\$ -	\$ -	\$ -	\$ -
TOTAL		\$ -	\$ -	\$ -	\$ -

CUMULATIVE TIME SUMMARY BY PROFESSIONAL

For the Period November 3, 2024 through December 31, 2024

Professional	Level	Hours	Fees
<i>Financial Statement Audit and Related Services</i>			
Dakko, Dany	Managing Director	0.3	
Steffens, Marilyn	Managing Director	11.1	
Vineyard, Bradley	Partner/Principal	0.5	
Weston, Zachary	Partner/Principal	1.3	
Keast, Elizabeth	Senior Manager	42.8	
Saraogi, Astha	Senior Manager	43.9	
Zaorski, Michal	Senior Manager	3.1	
Collins, Mikaela	Manager	3.8	
Kumar, Ravi	Manager	24.7	
Loharuka, Vijeta	Manager	1.5	
Sciano, May	Manager	26.4	
Singhal, Vasu	Manager	5.5	
Bhardwaj, Sahil	Senior	17.6	
Garg, Divya	Senior	1.6	
Jhawar, Rohit	Senior	87.4	
Kumar, Pankaj	Senior	5.7	
Lundy, Peter	Senior	177.8	
Parodi, Carlos	Senior	84.0	
Bellora, Brandon	Consultant	131.8	
Borchardt, Zachary	Consultant	3.2	
Broderick, Caroline	Consultant	3.7	
Corbett, Madeline	Consultant	8.0	
Dada, Hajira	Consultant	6.2	
Devereaux, Cole	Consultant	3.6	
Dwyer, Greta	Consultant	4.0	
Fitzpatrick, Emily	Consultant	116.2	
Foltyniewicz, Zachary	Consultant	4.6	
Kettler, Ruth	Consultant	2.0	
Khanduja, Bhavya	Consultant	33.9	
Lee, Chin Chun	Consultant	5.5	
Lefevre, Zachary	Consultant	0.4	
Lnu, Simran	Consultant	93.0	
Mabry, Emma	Consultant	5.3	
Muskara, Alec	Consultant	2.6	
Niemiec, Carson	Consultant	3.6	
Noon, Ellyse	Consultant	2.3	
Pan, Yan	Consultant	73.2	
Peng, Siyi	Consultant	5.0	
Peterson, Jack	Consultant	19.0	
Rausch, Noah	Consultant	2.7	
Rogers, Jackson	Consultant	3.9	
Roland, Andrew	Consultant	4.4	

Suma, Arra	Consultant	0.2	
Villanueva, Zangel	Consultant	4.0	
Vinay, K A	Consultant	12.9	
Wade, Michael	Consultant	6.2	
Wahlin, Derek	Consultant	8.0	
Walker, Jana	Consultant	37.0	
Yadav, Pragati	Consultant	0.7	
Professional Subtotal:		1,146.1	\$407,200.00

Professional	Level	Rate	Hours	Fees
<i>Firm Retention</i>				
Vineyard, Bradley	Partner/Principal	\$980.00	1.0	\$980.00
Weston, Zachary	Partner/Principal	\$980.00	2.2	\$2,156.00
Professional Subtotal:			3.2	\$3,136.00

Professional	Level	Rate	Hours	Fees
<i>Out of Scope Services</i>				
Steffens, Marilyn	Managing Director	\$980.00	4.6	\$4,508.00
Weston, Zachary	Partner/Principal	\$980.00	6.6	\$6,468.00
He, Catherine	Senior Manager	\$970.00	0.2	\$194.00
Keast, Elizabeth	Senior Manager	\$970.00	7.2	\$6,984.00
Saraogi, Astha	Senior Manager	\$970.00	4.2	\$4,074.00
Collins, Mikaela	Manager	\$845.00	1.5	\$1,267.50
Sciano, May	Manager	\$845.00	12.5	\$10,562.50
Singhal, Vasu	Manager	\$845.00	0.6	\$507.00
Thomas, Ronnie	Manager	\$845.00	0.3	\$253.50
Wintrow, Jonathan	Manager	\$845.00	0.5	\$422.50
Alas, Brendan	Senior	\$740.00	0.5	\$370.00
Jhawar, Rohit	Senior	\$740.00	0.3	\$222.00
Lundy, Peter	Senior	\$740.00	2.3	\$1,702.00
Parodi, Carlos	Senior	\$740.00	3.6	\$2,664.00
Bellora, Brandon	Consultant	\$615.00	1.0	\$615.00
Fitzpatrick, Emily	Consultant	\$615.00	1.1	\$676.50
Walker, Jana	Consultant	\$615.00	0.8	\$492.00
Professional Subtotal:			47.8	\$41,982.50
Total		Blended Hourly Rate: \$377.85	1,197.1	\$452,318.50

CUMULATIVE FEES BY CATEGORY SUMMARY
For the Period November 3, 2024 through December 31, 2024

Categories	Hours	Fees
Financial Statement Audit and Related Services	1,146.1	\$407,200.00
Firm Retention	3.2	\$3,136.00
Out of Scope Services	47.8	\$41,982.50
Fees Category Subtotal :	1,197.1	\$452,318.50

CUMULATIVE EXPENSES BY CATEGORY SUMMARY
For the Period November 3, 2024 through December 31, 2024

Expense Categories	Total Expenses for the Period
Airfare	\$403.38
Parking	\$119.40
Auto Rental	\$60.21
Auto Rental: Gasoline	\$15.27
Hotel	\$595.78
Meals	\$126.33
Mileage	\$523.94
Transportation	\$37.57
Expense Category Subtotal :	\$1,881.88

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)	Chapter 11
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**FIRST COMBINED MONTHLY FEE STATEMENT OF
DELOITTE & TOUCHE LLP FOR COMPENSATION FOR
SERVICES RENDERED AS INDEPENDENT AUDITOR TO THE
DEBTORS AND REIMBURSEMENT OF EXPENSES INCURRED FOR
THE PERIOD FROM NOVEMBER 3, 2024 THROUGH DECEMBER 31, 2024**

Pursuant to sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), and the *Order Establishing Procedures for*

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 2345.

Interim Compensation and Reimbursement of Expenses of Estate Professionals [D.I. 353] (the “Interim Compensation Order”), Deloitte & Touche LLP (“Deloitte & Touche” or the “Applicant”) hereby files this first combined monthly fee statement (this “Monthly Fee Statement”) for allowance of compensation for professional services performed by Deloitte & Touche during the period commencing November 3, 2024 through December 31, 2024 (the “Application Period”). In support of this Monthly Fee Statement, Deloitte & Touche respectfully states as follows:

BACKGROUND

1. On November 3, 2024 (the “Petition Date”), each of the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a voluntary petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On January 7, 2025, the Court entered the *Order Authorizing the Retention and Employment of Deloitte & Touche LLP as Independent Auditor Effective as of the Petition Date* [D.I. 670] (the “Retention Order”) authorizing the retention and employment of Deloitte & Touche as the Debtors’ independent auditor, effective as of the Petition Date.

RELIEF REQUESTED

3. By this Monthly Fee Statement, Deloitte & Touche respectfully requests allowance and payment of \$361,854.80 (80% of \$452,318.50) as compensation for professional services rendered to the Debtors during the Application Period. Deloitte & Touche also seeks reimbursement of its actual and necessary expenses incurred during the Application Period in the amount of \$1,881.88, for a total requested compensation of fees and expenses of \$363,736.68. Deloitte & Touche submits this Monthly Fee Statement in accordance with the Interim

Compensation Order and the Retention Order. All services for which Deloitte & Touche requests compensation were performed for, or on behalf of, the Debtors.

COMPENSATION REQUESTED

4. This is the first Monthly Fee Statement filed by Deloitte & Touche in these Chapter 11 Cases. In connection with the professional services rendered, by this Monthly Fee Statement, Deloitte & Touche seeks (i) allowance of compensation in the amount of \$452,318.50 for reasonable and necessary professional services rendered, (ii) payment of compensation in the amount of 80% thereof (*i.e.*, \$361,854.80), and (iii) payment of \$1,881.88 for actual and necessary expenses incurred. The Applicant maintains computerized records of the time expended in the rendering of the professional services required by the Debtors. These records are maintained in the ordinary course of the Applicant's business. A detailed statement of hours spent rendering professional services to the Debtors in support of Deloitte & Touche's request for compensation for fees incurred during the Application Period is attached hereto as **Exhibit A**. **Exhibit A** complies with Local Rule 2016-1 in that it (i) identifies the professionals and paraprofessionals that rendered services in each project category and (ii) describes each service such professional or paraprofessional performed.

5. No agreement or understanding exists between Deloitte & Touche and any nonaffiliated or unrelated person or persons for the sharing of compensation received or to be received for professional services rendered in, or in connection with, these cases.

DESCRIPTION OF SERVICES RENDERED

6. Deloitte & Touche provides below an overview of the services it rendered as independent auditor to the Debtors during the Application Period. Detailed descriptions of these services, the amount of fees incurred, and the amount of hours spent providing services throughout

the Application Period are also provided in the exhibits attached hereto. The rates charged are Deloitte & Touche's normal hourly rates of compensation for work of this character.

7. *Financial Statement Audit and Related Matters.* Applicant performed audit services and related procedures in connection with the consolidated financial statements for (1) Freedom VCM, Inc., (2) Franchise Group, Inc., and (3) Pet Supplies Plus, LLC, for the fiscal year ended 2024. The total hours were 1,146.1 and the total amount is the fixed fee² of \$407,200.00.

8. *Firm Retention.* Applicant reviewed its retention documents to be filed with the Court. The total hours were 3.2 and the total amount is \$3,136.00.

9. *Out of Scope Audit Services.* Applicant reviewed accounting standards and held discussions related to bankruptcy accounting under Accounting Standard Codification 852, *Reorganizations*. Applicant performed requested procedures for seller due diligence. The total hours were 47.8 and the total amount is \$41,982.50.

ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

10. Because of the benefits realized by the Debtors, the nature of the services provided, the amount of work done, the time consumed, and the skill required, Deloitte & Touche requests that it be allowed, on an interim basis, compensation for the professional services rendered during the Application Period in the sum of \$452,318.50.

11. During the Application Period, allowance of compensation in the amount requested would result in a blended hourly billing rate for professionals of approximately \$377.85.

² As described in further detail in the *Debtors' Application for Entry of an Order Authorizing the Retention and Employment of Deloitte & Touche LLP as Independent Auditor Effective as of the Petition Date* filed on December 3, 2024 [D.I. 295].

12. Deloitte & Touche respectfully submits that the professional services rendered by Deloitte & Touche on behalf of the Debtors during the Application Period were reasonable, necessary, and appropriate to the administration of these Chapter 11 Cases and related matters.

13. Deloitte & Touche has disbursed, and requests reimbursement for, a total of \$1,881.88 in expenses, which represents the actual and necessary expenses incurred by Deloitte & Touche in the rendition of professional services in these Chapter 11 Cases during the Application Period.

14. Deloitte & Touche believes that the actual and necessary expenses incurred in providing professional services during the Application Period were necessary, reasonable, and justified under the circumstances to provide services to the Debtors in these Chapter 11 Cases.

**DELOITTE & TOUCHE'S REQUESTED
FEES SHOULD BE ALLOWED BY THIS COURT**

15. Section 330 provides that a court may award a professional employed under section 327 of the Bankruptcy Code “reasonable compensation for actual, necessary services rendered . . . and reimbursement for actual, necessary expenses.” 11 U.S.C. § 330(a)(1). Deloitte & Touche respectfully submits that the services for which it seeks compensation in this Application Period were necessary for, and beneficial to, the Debtors and were performed economically, effectively, and efficiently. Deloitte & Touche further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors. Further, in accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount of fees requested is fair and reasonable given: (i) the complexity of these Chapter 11 Cases; (ii) the time expended; (iii) the nature and extent of the services rendered; (iv) the value of such services; and (v) the costs of comparable services other than in a case under this title. Accordingly, Deloitte & Touche asserts that the approval of the compensation sought herein is warranted.

WHEREFORE, Deloitte & Touche respectfully request that the Court (i) approve the Monthly Fee Statement and (ii) grant such further relief as is just and proper.

March 14, 2025

/s/ Bradley Vineyard
Bradley Vineyard
Partner
Deloitte & Touche LLP

CERTIFICATE OF COMPLIANCE AND WAIVER

I, Bradley Vineyard, pursuant to 28 U.S.C. § 1746, to the best of my knowledge and belief, and after reasonable inquiry, hereby certify that:

1. I am a Partner with Deloitte & Touche LLP (“Deloitte & Touche”), and I am duly authorized to make this certification on behalf of Deloitte & Touche. Deloitte & Touche was retained by Franchise Group, Inc. and its affiliated debtors (collectively, the “Debtors”). This certification is made in support of the *First Combined Monthly Fee Statement of Deloitte & Touche LLP for Compensation for Services Rendered as Independent Auditor to the Debtors and Reimbursement of Expenses Incurred for the Period from November 3, 2024 Through and Including December 31, 2024* (the “Monthly Fee Statement”) and in compliance with rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

2. I have read the Monthly Fee Statement, and I certify that the Monthly Fee Statement substantially complies with Local Rule 2016-1.

3. The facts set forth in the foregoing Monthly Fee Statement are true and correct to the best of my knowledge, information, and belief.

Dated: March 14, 2025
Charlotte, North Carolina

Respectfully submitted,

DELOITTE & TOUCHE LLP

/s/ Bradley Vineyard
Bradley Vineyard
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